

# THE INTERIM

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## LEGISLATIVE AUDIT DIVISION RECEIVES NATIONAL AWARD

The Legislative Audit Division was informed on June 21, 2001, that it will receive a Certificate of Recognition of Impact from the National Legislative Program Evaluation Society (NLPES). NLPES is a staff section of the National Conference of State Legislatures. The award is in recognition of the Division's performance audit report entitled *Micro-Business Finance Program*. NLPES will present the certificate to the Division during its annual business meeting and luncheon in conjunction with the annual meeting of the National Conference of State Legislatures.

The award recognizes the impact the performance audit had on legislative decision making. During the 2001 Legislative Session, the report was used in committee deliberations of the future course of the Micro-Business Finance Program. In general, the report stated that: the program has a weak loan portfolio; most Micro-Business Development Corporations are not financially self-sustaining; loan activity is dropping in some areas; and the program has difficulty maintaining and attracting qualified staff.

The award also recognizes the Division for its contributions to the field of legislative program evaluation.

## INTERIM DIRECTORY AND LEGISLATIVE BRANCH WEB PAGE

Directory Available in August...By early August, the 2001-2002 *Interim Directory of Legislative Committees* will be available from the Legislative Services

Division. The Directory contains information on each statutory interim committee (e.g., the Economic Affairs Committee and the Revenue and Transportation Committee), including statutory citation and mandates, membership requirements, assigned studies, committee staff, and the members' names, addresses, phone numbers, and e-mail addresses (if available). The Directory shows similar information for legislative administrative committees (Legislative Audit Committee, Legislative Council, and Legislative Finance Committee), other committees staffed by Legislative Services Division (e.g., the Districting and Apportionment Commission and the Transition Advisory Committee), and other interim entities on which legislators serve (e.g., the Montana Heritage Preservation and Development Commission).

Copies of the directory may be obtained from the Legislative Services Division by calling at (406) 444-3064 or by e-mail at [ubentley@mt.gov](mailto:ubentley@mt.gov).

Legislative Branch Web Page...The information technology staff is working diligently on improving and updating the legislative branch web page for the 2001-2002 interim. The new web page should be available by the first week in August.

Legislative committee websites will provide access to committee minutes, meeting schedules and agendas, reports, research papers, related links, and information contained in the *Interim Directory of Legislative Committees*. Interim committee links may be found on the legislative branch home page at <http://www.leg.mt.gov>. This publication is also available on the web page.

## CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES COMMITTEE

Organizational Meeting August 9...The Children, Families, Health, and Human Services Committee will hold its first meeting of the interim on Thursday, August 9, at 8:30 a.m. in Room 137 of the Capitol Building in Helena. The agenda items will include:

- reports on study resolutions involving the Committee:
  - < SJR 8 - privatization of foster care and adoption;
  - < HJR 1 - study of mental health services;
  - < SJR 22 - health care/insurance costs; and
  - < HJR 32 - performance audit of child protective services
- report on Committee administrative rule review duties;
- Committee monitoring duties of the Department of Public Health and Human Services, including division overviews of the Addictive and Mental

Disorders Division and the Human and Community Services Division;

- discussion of issues relevant to Committee activities, including:
  - < Mental Health Oversight Advisory Council;
  - < Interagency Coordinating Council on Prevention;
  - < administrative rules on personal care facilities;
  - < the multi-agency children's initiative;
  - < the study resolution on teenage alcohol use and related littering problems (HJR 31); and
  - < feasibility report on a chronic disease registry; and
- reports required by House Bill No. 2.

Meeting materials will be available on the Committee website by August 1. If you wish to be placed on the interested persons list, please contact Susan Byorth Fox, Research Analyst, Legislative Services Division, at (406) 444-3597 or at sfox@mt.gov.

## TRANSITION ADVISORY COMMITTEE

Potpourri of Energy Topics...The Transition Advisory Committee (Committee) discussed a variety of topics related to electrical energy at its June 19 meeting. Committee staff presented a summary of significant energy legislation enacted during the 57th Legislative Session. That report may be found on the Committee website by going to the Montana Legislative Branch home page. Staff told the Committee that the summary will be expanded to include other energy and energy-related legislation.

Whither Electrical Energy Prices...One of the great worries under electrical energy restructuring, and even under fully regulated systems, is the seemingly exponential increase in electrical energy supply costs. Beginning about May 2000, the mid-Columbia price index began a roller coaster ride of extreme price volatility, with the on-peak price of electrical energy exceeding \$430 a megawatt-hour in December 2000. Prices have moderated since then. The Committee reviewed price trends for the first 2 weeks in June. Prices for both firm and nonfirm electrical energy were generally well below \$100 a megawatt-hour. Moderate weather in the region and the availability of hydroelectric power were likely factors contributing to lower prices. Recent "price caps" mandated by the Federal Energy Regulatory Commission may further moderate short-term price volatility. However, the uncertainty in price trends may complicate both short-term and long-term portfolio management of electrical energy supply. The Committee will continue to monitor price trends and the

underlying causes of those trends during the interim.

Electrical Energy Power Pool...Will Rosquist, staff economist, Montana Public Service Commission (PSC), reported on the creation of the electrical energy power pool under HB 645. Rosquist said that PPL-Montana has offered 20 megawatts of energy at \$35 a megawatt-hour. At the time, PPL-Montana is the only electrical energy supplier that has made energy available to the pool. However, conservation efforts may increase the amount of energy going into the pool. On May 1, the PSC conditionally allocated 10 megawatts of power from the energy pool to the Golden Sunlight mine. Four other companies received an allocation through June 30. In its order implementing the power pool, the PSC allocated the remaining 10 megawatts to Smurfit-Stone Container (6 megawatts), Stimson Lumber at Bonner (2 megawatts), Ash Grove Cement (1 megawatt), and an oil company is Rosebud County (1 megawatt) for the period July 1 through September 30.

NorthWestern Energy Co. Gas Turbines to Come on Line...Dennis Lopach said that NorthWestern Energy Co. will build a natural gas-fired plant just north of Great Falls. The first phase of the project, 80 megawatts, is scheduled to be operational in the fall with the energy dedicated to the electrical energy power pool. Lopach noted that the project will cost between \$140 and \$170 million and employ about 100 workers during construction. An additional 80 megawatts will be available next summer. Energy sold at market will, in part, subsidize the amount dedicated to the energy pool. Although transmission capacity has been secured from Montana Power Co. (MPC), a firm supply of natural gas had not yet been secured.

PPL and Large Industrial Customers Duke it out Over Energy Contract...Joel Cook, PPL-Energy Plus, said that PPL is offering electrical energy to large industrial customers at 4 cents a kilowatt hour for 5 years beginning July 1, 2002. The offer is for "unit conditional power." That means that when in-state generation facilities are not available, PPL will purchase electricity at market prices to make up the shortfall so that there will not be interruption of service to industrial customers. In response to a question from a Committee member, Cook acknowledged that the proposed contract includes a provision barring an industrial customer from pursuing a governmental action that would adversely affect PPL.

Don Quander, an attorney representing large industrial customers, said that he does not believe, under the proposed terms of the contract, that there will be any takers. He said that PPL is offering "contingent" power and that the blended contract price and market price could be well above 4 cents a kilowatt-hour. He also said that "adverse governmental action" clause is unacceptable to his clients.

Public Service Commission Asserts Regulatory Authority...Matt Brainard, Commissioner and David Hoffman, legal counsel, PSC, told the Committee that the PSC has determined that it has ongoing, regulatory and supervisory authority over

Montana Power Co. (MPC) under the provisions of both SB 390 (1997 restructuring legislation) and HB 474 (2001 legislation). That authority includes the generation component. According to the PSC's legal analysis, generation has not been separated from the rate base and won't be separated until the PSC signs the final transition order for electrical energy competition.

In an opinion prepared for Sen. Fred Thomas, Greg Petesch, legal director, Legislative Services Division, concluded that HB 474 serves two purposes: (1) to protect ratepayers in Montana; and (2) to ensure the financial integrity of MPC. HB 474 did not eliminate the requirement that a public utility may not charge rates at a level higher than the public utility could expect had the current regulatory system remained intact. On the other hand, HB 474 provided that all reasonably incurred supply costs may be recovered in the rate base.

PPL-Montana has since filed a legal challenge in federal court, claiming that the PSC does not have authority over rates charged by the power generator. The company argues that as an exempt wholesale generator the rates it charges for electricity are subject to federal law and not state law.

Other topics...The Committee also discussed the following energy-related issues:

- the Flathead Electric Cooperative contract with PacifiCorp;
- the feasibility and price constraints of installing locomotives for self-generation;
- the sale of MPC transmission and distribution facilities to NorthWestern Energy;
- the status of siting temporary electrical power generation units under SB 398; and
- the regional transmission operator initiative.

August Meeting Proposed...Senator Fred Thomas is considering scheduling a meeting for August 23 or 24 in Helena. The purpose of the meeting would be to review the Flathead Electric Cooperative situation and the status of large industrial customers. In addition, the Committee would discuss the proposed initiative that would refer HB 474 to Montana voters.

Committee to Meet in September...The Committee is scheduled to meet September 20 in Helena. The agenda has not been set, but the Committee will review a proposed work plan for the interim. Check the Committee's website for additional details about this meeting and the proposed August meeting.

For more information about the Committee or to be put on the Committee mailing list, contact Jeff Martin, Legislative Services Division, at (406) 444-3595 or by e-mail at [jmartin@mt.gov](mailto:jmartin@mt.gov).

## LAW AND JUSTICE COMMITTEE

Law and Justice Interim Committee to Meet August 2...The Law and Justice Interim Committee (LJIC) will hold its organizational meeting on Thursday, August 2, in Helena. The meeting will be held in Room 102 of the Capitol Building and will begin at 9 a.m. Agenda items include:

- an overview of the statutory duties and responsibilities of the LJIC;
- an overview of selected legislation from the 57th Legislative Session that is relevant to the activities of the LJIC;
- presentations from representatives of the entities for which the LJIC has statutory monitoring responsibilities;
- an introduction to a Judicial Education System Project; and
- organizational/administrative matters.

For more information, please contact Dave Bohyer at the Legislative Services Division, by phone at (406) 444-3064 or by e-mail at [dbohyer@mt.gov](mailto:dbohyer@mt.gov).

## ECONOMIC AFFAIRS COMMITTEE

Committee Adopts Work Plan, Elects Officers...At its organizational meeting in June, the Economic Affairs Committee selected Sen. Dale Mahlum and Rep. Kathleen Galvin-Halcro as chair and vice chair, respectively, for the 2001-2002 interim.

The Committee prioritized the draft work plan to allow adequate time and energy for issues related to state agency program monitoring and rule review. Highlights of the adopted work plan include:

### Statutory Duties:

- Review of agency rules will be accomplished using a two-pronged approach: the identification of issues as determined by Committee staff, and the reaction of the Committee to requests by a member of the public, a member of the Legislature, or an individual agency.
- Agency monitoring duties will focus on the on-going reorganization activities brought about by SB 445. This legislation streamlined the Department of Commerce and reassigned certain duties to other state agencies and created the Office of Economic Development. The Committee will also request information from the other assigned state agencies throughout the interim.

- Draft legislation review will follow guidelines that are established by the Legislative Council.

#### Assigned Studies:

- The SJR 22 study on health care and health insurance costs was assigned to a joint subcommittee (see related story below). Regular progress reports will be presented at each full Committee meeting.

#### Other Committee Activities:

- Monitor the Department of Labor and Industry's progress on addressing the issues contained in HJR 7, an internal study of the labyrinth of laws, regulations, policies, and practices of overtime and travel compensation.
- Review Title 33, MCA, in conjunction with the Insurance Commissioner, the insurance industry, and other interested parties to determine whether improvements in organization and readability and the elimination of internal inconsistencies may be achieved through a Committee bill draft.
- Gather general information related to economic development activities in other states; compare other states' laws regarding mandated break periods; and review efforts in Montana and other states concerning workforce development and efforts to ensure that workers have access to retraining programs when appropriate.

September meeting...The next meeting for the full Committee is scheduled for Friday, September 7, at the state Capitol Building in Helena. Tentative agenda items include:

- A brief presentation by the Department of Labor and Industry regarding the setting of certain medical services provider reimbursement rates under the Workers' Compensation statutes. The Department has proposed an administrative rule change and will provide the Committee a summary of public comments and agency responses.
- Introductory remarks from Mr. David Gibson, the Chief Economic Development Officer. Mr. Gibson's appearance will be "penciled in", so to speak, pending his arrival in the state.

- An update of SJR 22 study activities.

SJR 22 Joint Subcommittee on Health Care and Health Insurance...The Committee agreed with the Legislative Council's recommendation to form a joint subcommittee with the Legislative Finance Committee and the Children, Families, Health, Human Services Committee to conduct the study on health care and health insurance costs. The Committee appointed the following members to serve:

Rep. Joe McKenney, Chair	Sen. Jon Ellingson, Vice-Chair
Rep. Kathleen Galvin-Halcro	Sen. Dorothy Berry
Rep. Gary Matthews	Sen. Glenn Roush

The Legislative Finance Committee appointed the following members to the SJR 22 Subcommittee:

Rep. Bill Price	Sen. Royal Johnson
Sen. Linda Nelson	

The Children, Families, Health, and Human Services Committee will select the remaining members at its meeting in August. Once the Subcommittee has its full contingent, members will be polled to determine a date for an initial scoping meeting. The Subcommittee, with the assistance of stakeholders, will begin developing an interim study plan. Rep. McKenney, Subcommittee chair, has suggested the end of August for the first meeting.

Nearly everyone who provided testimony on SJR 22 remarked that the Committee should take care to establish a comprehensive but realistic study approach for accomplishing the tasks contained in the resolution. During the public comment period, several stakeholders mapped out the varied terrain the Committee may need to traverse. They emphasized that an early identification of issues that may be affected by state and legislative action is a crucial requirement for an effective study effort.

Committee Website...Legislative Services Division IT staff is revising the Committee's website for the interim. Check the Committee's website periodically for new information. Any questions regarding the Committee's interim activities or the SJR 22 Subcommittee should be directed to Gordy Higgins at (406) 444-3064, or via e-mail at [gohiggins@mt.gov](mailto:gohiggins@mt.gov).

## ENVIRONMENTAL QUALITY COUNCIL

Environmental Quality Council. . . The EQC will meet September 10 and 11 in Colstrip, Montana. Following subcommittee meetings the morning of September 10, the EQC will tour the Colstrip and Decker areas. The Council will visit the Colstrip power generation facility, a coal mine, and coal bed methane development areas. An agenda and press release will be sent out in early August. Subcommittee activities are set out below.

Council and subcommittee minutes from previous meetings, Council and subcommittee work plans, agendas, and press releases, may be found on the EQC web site at <http://leg.mt.gov/Services/lepo/index.htm>. If you have any questions, need additional information about the Council, or want to be placed on the EQC interested persons mailing list, contact the EQC office at (406) 444-3742 or [mtheisen@mt.gov](mailto:mtheisen@mt.gov).

Coal Bed Methane/Water Policy Subcommittee . . . The EQC appointed a Coal Bed Methane/Water Policy Subcommittee to address the EQC's statutory water policy responsibilities and to examine coal bed methane issues. The Subcommittee is identifying the specific issues, goals, and tasks that it will include in its work plan for the interim.

A draft work plan will be available for public comment in late August. Subcommittee members will hear public comments on the draft work plan and will adopt a final work plan at the September 10 meeting in Colstrip.

For more information, please contact the subcommittee staff:

- Water Policy -- Krista Lee Evans at (406) 444-3957 or by e-mail at [klee@mt.gov](mailto:klee@mt.gov); or
- Coal Bed Methane -- Mary Vandenbosch at (406) 444-5367 or by e-mail at [mvandenbosch@mt.gov](mailto:mvandenbosch@mt.gov).

Agency Oversight/MEPA Subcommittee . . . The EQC appointed an Agency Oversight/MEPA Subcommittee. Staff and subcommittee members are developing and evaluating an interim study work plan that will be presented to the full EQC for consideration and approval at the September meeting. Specific study elements include:

- a review of the issues and options facing the state regarding the management of sage grouse given regional concerns about decreasing bird populations and a potential management response that may include the federal Endangered Species Act;
- an analysis of state laws related to the remediation of contaminated sites with a particular focus on the Controlled Allocation of Liability

Act and orphan share funding; and

- a review and analysis of the Montana Environmental Policy Act implementation following the 1999-2000 EQC study findings and recommendations and the 2001 legislative changes to MEPA.

For more information, contact Larry Mitchell at (406) 444-1352 or by e-mail at [lamitchell@mt.gov](mailto:lamitchell@mt.gov).

Energy Policy Subcommittee . . . The EQC appointed an Energy Policy Subcommittee to address energy policy issues. Staff is preparing a draft work plan for the interim. The Subcommittee will discuss and refine the draft work plan at its meeting September 10 in Colstrip

For more information contact Todd Everts at (406) 444-3747 or by e-mail at [teverts@mt.gov](mailto:teverts@mt.gov).

## REVENUE AND TRANSPORTATION COMMITTEE

Lull Before the Storm...The summer is proving to be a quiet season for the Revenue and Transportation Interim Committee--providing an ideal opportunity for staff to get up to speed on the intricacies of state tax policy. It's too bad the quiet season is not the dead of winter, when 80 degree temperatures, blue sky, green grass, and abundant recreational opportunities are just a vague memory. Concentrating on the stack of relevant reading materials growing ever higher on my desk would be much easier in February. However, this is not the case, and the Committee's next meeting, scheduled for September 13th and 14th, quickly approaches.

The meeting will convene the afternoon of September 13th in Room 102 at the state Capitol and will continue on September 14th.

The agenda is still in its infancy, but probable items include:

- a review of the Department of Revenue's (DOR) rulemaking authority as it pertains to on-premise breweries;
- a report from the DOR on the POINTS project and on the Department's efforts to enhance functionality and repair defects in the system (see the July issue of **THE INTERIM** for prior coverage);
- information from the DOR on the property tax exemption of intangible personal property, including the phased-in exemption of centrally assessed intangible property;
- a discussion of the Department of Transportation's (MDT) new authority under HB 131 (Ch. 206, L. 2001) to stop and inspect diesel-powered vehicles for compliance with special fuel tax provisions and the anticipated impacts of the law on the highway state special revenue fund;

- review and approval of a study plan to analyze the property taxation of agricultural versus nonagricultural land as requested by SJR 21;
- information from MDT regarding revenue from vehicle overweight fines and revenue from fines imposed for safety violations; and
- a look at DOR's progress in developing the reappraisal plan for the next property reappraisal cycle.

Agenda items will undoubtedly be added in the next several weeks. If you would like to address the Committee on an issue that you believe warrants members' attention, have agenda suggestions, or if you have any questions about the Committee's activities, please contact Leanne Kurtz, Committee staff, at [lekurtz@mt.gov](mailto:lekurtz@mt.gov) or call (406) 444-3064. Thanks to all who have submitted corrections and additions to the Committee's mailing list. Those changes will be incorporated before the next mailing to interested persons.

## LEGISLATIVE COUNCIL

Legislative Council Meets June 25 and 26...The first day was reserved for a general business meeting, and the second day was devoted to a strategic planning session. During its business meeting, Council members received staff reports on several topics, including:

- human resource issues (e.g., compensatory time, Legislative Branch salary adjustments, performance appraisals);
- status of codification (i.e., the process by which laws enacted during a legislative session are compiled as part of the permanent statutes);
- a class action lawsuit challenging electrical energy deregulation (i.e., Single Moms, Inc. v. MPC); and
- results from two surveys of legislators aimed at assessing the effectiveness of services rendered by the Legislative Services Division.

Council action included:

- authorizing Legislative Services Division staff to continue to represent

legislators in the electrical energy deregulation lawsuit until the issue of legislative immunity is resolved and to advise the Council on whether sanctions or legal fees should be sought to cover the cost of defense;

- creating a subcommittee to develop recommendations on interim committee guidelines for review of Executive Branch agency bill draft requests;
- increasing the Environmental Quality Council's budget to cover expenses associated with additional Council work this interim;
- creating a subcommittee to develop recommendations on procedures for appointing members to interstate and international committees; and
- reappointing Montana's members to the Commission on Uniform State Laws (Joe Mazurek, Ed Eck, and Justice James Nelson).

Strategic Planning...The full day of strategic planning began with members and staff revisiting the Councils' statutory mandates and identifying the Council's chief stakeholders. An analysis of the legislative strengths, weaknesses, opportunities, and threats followed. The afternoon session was reserved for identifying and prioritizing issues to pursue during the interim. At its next meeting, the Council will begin to develop strategies for addressing the high-priority issues.

September Meeting...The Council is scheduled to meet on September 21, 2001. For more information on Legislative Council activities, contact Lois Menzies at (406) 444-3066 or lomenzies@mt.gov.

## DISTRICTING AND APPORTIONMENT COMMITTEE

Background Work Continues...The Districting and Apportionment Commission has completed its organizational phase and will soon begin the process of legislative redistricting based on the 2000 Census data.

Commission staff is conducting preliminary information-gathering visits around the state by meeting with county clerk and recorders, central committee representatives, legislators, representatives of Indian tribes, and others who are interested in receiving and sharing information about potentially new legislative districts. Based on that information, staff will prepare options for the Commission to consider. Commission proposals will be presented at regional public hearings.

Meeting in September...The first public hearings for north-central and central

Montana are tentatively scheduled for September 11-13, 2001. For more information or to be placed on the Commission's interested persons list, please contact Susan Byorth Fox at the Legislative Services Division at (406) 444-3597 or at sfox@mt.gov.

## LEGISLATIVE AUDIT COMMITTEE

Committee Elects Officers...The Legislative Audit Committee elected officers at its June 25 meeting. Senator Jon Tester was unanimously elected Committee chair and Representative Jeff Pattison was elected vice chair. Senator Jim Elliott was elected secretary. Other members of the Committee are Senators John Cobb, Dan Harrington, Ken Miller and Corey Stapleton and Representatives Joe Balyeat, Dee Brown, Bill Eggers, Hal Jacobson, and David Wanzenried.

The next meeting of the Legislative Audit Committee is scheduled for October 18, 2001, in Room 137 of the state Capitol Building.

## QUOTE OF THE MONTH

*This assembly is like no other that ever existed. Every man in it is a great man--an orator, a critic, a statesman, and therefore every man upon every question must show his oratory, his criticism, and his political abilities.*

*The consequence of this is that business is drawn and spun out to immeasurable length. I believe if it was moved and seconded that we should come to a resolution that three and two make five, we should be entertained with logic and rhetoric, law, history, politics, and mathematics concerning the subject for two whole days, and then we should pass the resolution unanimously in the affirmative.*

John Adams--an observation of the first Continental Congress

## TIME AND TIDE

Following the end of a regular legislative session, time and deadlines seem to extend luxuriously into the future. However, this false sense of security evaporates as the burdens of the interim are quickly manifest; there is the nagging sense that the next legislative session is not that far off. To help you gage the flow of the interim and anticipate impending chaos, this issue of **THE INTERIM** begins a

new feature that will routinely track the number of days remaining in the 2001-2002 interim and the number of days until the next general election and the start

of the 58th Legislative Session. The days remaining are calculated from the first day of the month (in this case August 1, 2001).

<u>Event</u>	<u>Days remaining</u>
Target date for completion of interim committee work (September 15, 2002)	411
General election (November 5, 2002)	462
58th Legislature convenes (January 6, 2003)	524

## THE BACK PAGE

The issue of teacher shortages throughout the nation is a growing concern to policy makers in Montana as well as in other parts of the country. In this edition of **THE BACK PAGE**, Connie Erickson, education research analyst, Legislative Services Division, examines factors underlying the teacher shortage and identifies options adopted or under consideration in other states.

### AND THEN THERE WERE NONE

By Connie Erickson, Research Analyst  
Legislative Services Division

### TEN TEACHER APPLICANTS

Once upon a time in a far away school district in eastern Montana, a superintendent worked deep into the night feverishly seeking replacements for five teachers who had notified the superintendent that they would not be returning to the district next school year. Two had chosen to retire; two moved to larger districts; and one left the teaching profession altogether. As the midnight oil burned, the superintendent pored over 10 applications. In previous years, there had been more applicants seeking teaching positions, but in recent years the applicant pool had dwindled.

The first two applicants were not certified in the areas needed by the superintendent. For a moment, the superintendent considered hiring them anyway, but the district already had three teachers teaching in areas in which they were not certified, and the Board of Public education had warned the district about this situation. The next three applicants were asking for salaries higher than the district could afford to pay. Their salary requests were not excessive based on their education and experience, but the district's last two tax levies had failed, and salary raises had been sacrificed. Two of the applicants were ambivalent about teaching. Both had degrees in areas in which jobs outside of teaching could easily be found; jobs that paid more and were located in areas that were more appealing to an unmarried person than a small farming community in eastern Montana. The superintendent also needed a new girls' basketball coach. One applicant had an excellent coaching record but was certified in an area in which there already were sufficient teachers in the district. The final two applicants fit the district's needs, but one decided to take a job outside of teaching, and the second signed a contract with the public schools in Las Vegas, Nevada. Ten teacher applicants, and then there were none.

## TEACHER SHORTAGE LOOMING

Over the next decade, America will need to find at least 2.2 million teachers for its public school classrooms. Shortages are especially critical in rural school districts and in specific subject areas. At the same time, policymakers and parents are clamoring for higher standards for teachers. In light of demands for more teachers and increased expectations for quality teachers, public policies must be adopted that make teaching a more attractive profession. Every child in America deserves to have a well-qualified teacher.

According to a recently completed study by the Certification Standards and Practices Advisory Council (CSPAC) of the Board of Public Education, Montana is not immune from the teacher shortage problem facing the nation as a whole. Over the next few years, Montana public schools will need approximately 900 new teachers and administrators each year to replace those who retire, move out of state, or leave the profession all together.

What can the state and the local districts do to attract, reward, and retain quality teachers for Montana's children? Although the hiring of teachers and administrators is primarily the job of the local school district, the state has a stake in the process. Quality education and economic development are linked, and it is in the state's best interest to become involved in attracting, rewarding, and retaining capable people in the teaching profession.

One of the first things that needs to be done is to identify the specific teacher shortage problems in Montana and then develop a teacher recruitment strategy at the state and district level to address the identified problems. The strategy must combine multiple approaches that will attract new teachers, provide adequate compensation and benefits, and encourage the movement of new or currently employed teachers into those areas where the teacher shortage is most acute.

What are the teacher shortage problems in Montana? The CSPAC report identifies three different types of shortages: specific subject areas, many job openings, and inability to attract and retain teachers. In subject areas such as music, math, art, special education, and foreign languages, the number of teachers available or being prepared is insufficient to meet the demands. The unpredictability of student enrollment, the high number of teachers at or near retirement age, and an increasing teacher turnover rate result in many job openings but not enough candidates to fill the positions. Montana also suffers from an increasing inability to attract and retain teachers due to the number of part-time and multiple-assignment positions, low salaries and lack of benefits, rural isolation, and the number of small elementary districts with only one or two teachers.

**WHERE CAN WE FIND TEACHERS?**

Because teachers are in short supply all across the nation, states, school districts, policy groups, and professional organizations have all begun to identify various strategies to address the problem. In selecting strategies, the important thing to remember is to select strategies that specifically target identified problems and that are feasible given the financial and political circumstances of each state. The following strategies do not comprise a complete list nor are they intended as recommendations; they are simply strategies that have been proposed or are already in use across the country and may prove valuable to Montana.

Montana needs to attract new teachers, either by recruiting out-of-state or by encouraging new graduates of teacher education programs to remain in Montana. With college becoming increasingly expensive, offering scholarships to students can serve as an incentive to entering the teaching profession. Many teachers leave college with student loan debt. Loan forgiveness programs for Montana teachers may encourage teachers to stay in Montana instead of leaving for states with higher salaries or to come to Montana from other states. Alternative certification programs for college graduates with non-education degrees would allow people to move into teaching from other professions without having to drop out of their current jobs to return to school. However, such a program would have to ensure that these candidates received sufficient training and education to become qualified teachers. In thinking long-term, students in middle school and high school must be encouraged to become teachers in the same way they are encouraged to be doctors, lawyers, or engineers. A teacher cadet program in high school would be a way to introduce students to the teaching profession by providing them with some experiences before going to college. Luring retired teachers back into the classroom by providing health insurance benefits, allowing them to maintain their pension benefits, or increasing their earning limits would help in the short-term.

Over the last year, there has been a lively discussion on the issue of teachers' salaries in Montana. Whether or not one agrees with the premise that teachers in Montana are poorly paid, the fact remains that many teachers leave Montana or leave the profession altogether because of low salaries and lack of benefits. Montana does not have a statewide teachers' salary matrix; salary and benefits are totally within the purview of the individual school district. Still, there are some things that the state can do to address this issue. One possibility is a statewide minimum beginning salary. Every beginning teacher would be guaranteed the same salary. Beyond that, each district would still have its own pay matrix. A statewide minimum level of benefits is another strategy. Many very small districts in Montana offer few if any benefits, including health insurance, to their teachers. A basic benefits package for every teacher could be just the incentive necessary to attract teachers to smaller, more rural communities. However, a statewide minimum salary or benefits package

will not be palatable to local districts unless the state is able to provide the necessary funding. Therefore, the state needs to find new funding streams for education to either establish statewide minimum levels or to allow districts to increase salaries and benefits on their own initiative.

Even if the applicant pool is expanded and salaries are increased, there will still be specific teaching fields that will experience shortages. That is occurring in Montana now, even in the larger districts that still have an abundance of applications and the highest starting salaries in the state. There may be currently employed teachers who would like to switch fields but cannot afford to go back to school. An internship program with on-the-job training would allow these teachers to cross over to shortage areas. There may be teachers trained in shortage areas that would be willing to move to other districts if the same salary level and benefits would follow them. Currently, only seven years of experience follows a teacher who moves, no matter how long that teacher has been teaching. Portability of salary or benefits or both could help alleviate some shortages. As with minimum salaries and benefits, a significant state-level financial commitment would be necessary. A district could also offer incentives to attract teachers currently certified in critical shortage areas. These incentives may include moving expenses or housing assistance, mentoring programs, differential salaries, or professional development opportunities, to name a few.

#### AND THEN THERE WERE PLENTY

Montana is not alone as it faces a future with fewer and fewer teachers to instruct our children. States and school districts across the nation are addressing shortages head-on with a variety of strategies designed to expand the pipeline of potential teachers and to retain the existing teaching corps. The most comprehensive teacher recruitment package was enacted by California in 2000. The California plan combines multiple approaches, including tax credits, loan forgiveness, internships, beginning salary increase, and aggressive teacher recruitment. But California is not alone. Maryland, Oklahoma, Louisiana, and Kentucky have all enacted multiple pieces of legislation aimed at attracting, rewarding, and retaining capable people in teaching. Other states, such as Arizona, Maine, Nebraska, Delaware, Iowa, New York, and Massachusetts, have enacted legislation to specifically target identified problems in their states. If Montana is to successfully compete for qualified teachers, it will take the concentrated efforts of the Legislature, the Board of Public Education, the Board of Regents, the Office of Public Instruction, school districts, and professional organizations, pulling together in the same direction.

Once upon a time in a far away school district in eastern Montana, a superintendent leisurely looked through a stack of 40 applications, seeking replacements for two teachers who were leaving the district, one moving because of the transfer of a

spouse and one retiring after a long, productive career. Next to the applications were several phone messages from prospective and current teachers seeking positions in the school district. The superintendent smiled and began looking for the best and the brightest applicants.



## INTERIM CALENDAR

UNLESS OTHERWISE SPECIFIED,  
ALL ROOM DESIGNATIONS ARE IN THE CAPITOL BLDG.

### AUGUST

August 1, Education and Local Government Committee, Capitol Building, Room 102, 9:30 a.m.

August 2, State-Tribal Relations Committee, Capitol Building, Room 137, 10:00 a.m.

August 2, Law and Justice Committee, Capitol Building, Room 102, 9:00 a.m.

August 6, State Administration and Veterans' Affairs SJR 5 Subcommittee on Veterans' Affairs, Capitol Building, Room 102, 8:00 a.m.

August 9, Children, Families, Health, and Human Services Committee, Capitol Building, Room 137, 8:30 a.m.

August 23 or 24 (tentative), Electrical Utility Restructuring Transition Advisory Committee, Capitol Building, Room 317

### SEPTEMBER

September 3, Labor Day, holiday

Week of September 3 (one day meeting), State Administration and Veterans' Affairs HJR 8 Subcommittee on Voting Systems,

September 7, Economic Affairs Interim Committee

September 10-11, Environmental Quality Council, Colstrip, Montana

September 13-14, Revenue and Transportation Committee

September 20, Electrical Utility Restructuring Transition Advisory Committee

September 21, Legislative Council

September 28, SJR 5 Subcommittee on Veterans' Affairs